



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Division Director

September 23, 2002

Lee R. Brown
Michael H. Legge
US Magnesium LLC
238 North 2200 West
Salt Lake City, Utah 84116

Dear Mr. Brown & Mr. Legge:

Re: Conditioned Permit Transfer and Reclamation Contract, US Magnesium, LLC,
Rowley/Stansbury Basin Mine, M/045/008, Tooele County, Utah

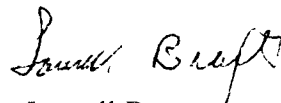
Enclosed are your conditionally executed copies of the Permit Transfer and Reclamation Contract documents. Since a few permit details remain to be addressed to make the documents complete, we have conditioned the approval of the documents upon receipt of the three items listed below. You have a period of 21 days, or no later than October 15, 2002, COB to supply the following information:

1. The Reclamation Contract "Attachment A" (also Transfer document "Appendix A", by reference) legal description refers to Drawings RB-904-84, Sheets 1 & 2. These sheets do not provide adequate legal detail to determine the location of the disturbed areas. These maps need to be modified to include a background overlay or grid showing the appropriate Townships, Ranges and Sections (to the extent possible) for all areas currently affected by the mine operation that are effectively being transferred under the existing permit and replacement surety.
2. All affected areas on these Autocad-generated disturbed area maps must be digitized to determine the total permitted acreage (Item # 3a) being transferred under the existing permit.
3. An estimate of the total disturbed area acreage (Item # 3c) to be reclaimed under the latest approved reclamation plan and bond. The acreage should be broken down & itemized in a tabular form by the specific area, feature or facility that is to be reclaimed (refer to the cost estimate spreadsheet and reclamation principles documentation as appropriate).

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These three items were discussed at length with your counsel, Mr. Mike Malmquist, on September 20, 2002. Upon consultation with mining company representatives late Friday, the timeframe of 21 days to obtain these figures was deemed reasonable and was agreed upon. Upon final submittal and acceptance of the information, addenda to the Transfer and Reclamation Contract documents for the mine will be executed.

Sincerely,


Lowell Braxton
Director

jb
cc: Mike Malmquist, Legal Counsel
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